



SOCIETY OF ACTUARIES

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2013 PENSION SECTION CALL FOR ESSAYS CONTEST

PENSION SECTION CALL FOR ESSAYS CONTEST ON DEFINED CONTRIBUTION PLANS

By Cindy Levering

BACKGROUND

As the uncertainties surrounding the long-term financial security of both current and future retirees continue to grab headlines, few pension actuaries would disagree that defined contribution plans have become an important component of the retirement system. Worthy goals such as alignment, efficiency, and sustainability are not necessarily part of the current system which has evolved in pieces rather than as a strategic policy. It is clear that there is room for improvement.

In reviewing responses from the Pension Section Council’s 2012 member survey, the Pension Section Research Team realized that there could be a variety of projects related to defined contribution plans based on the following underlying question:

How can actuaries use our unique skills and perspective in evaluating risk to add value to stakeholders as they continue to face challenges to retirement security, such as the transition from defined benefit to defined contribution, the pressures on social insurance systems, and individual management of longevity and investment risks?

THE CONTEST

In June we issued a call for essays contest, inviting Pension Section members to write an essay related to an aspect of defined contribution plans that could be turned into a larger research project. Essayists were invited to either address the topic as a whole or focus on a particular aspect.

We received a total of eight essays which were evaluated by a committee of four reviewers on the basis of their originality, clarity, thoroughness, and practical applicability. Previously published essays were not considered. Of the eight essays, the following six were chosen for publication and can be found in this issue of the Pension Section News:

TITLE	AUTHOR
Building Better Defined Contribution Plans and the Need for a Quantitative Evaluation Framework	Joe Tomlinson
Investment Choice, and Where the Actuary Chooses to Stand	Mark O’Reilly
Measuring Success to Improve Long-term Economy Security when DC Plans are Primary	Anna Rappaport
Payouts from Defined Contribution Plans: A Collective Risk-Sharing Framework	Rowland Davis
Retirement Income Security: Why Individual Account DC Plans are Not the Answer, But Also What Is	Robert Brown
What’s Wrong with DC Plans?	Beverly Orth

“APPETIZERS”

Here are some brief comments on each paper to “whet your appetite”:

Joe Tomlinson provides a good summary of existing information but also explores two relatively newer proposed solutions. The essay offers a global perspective and presents meaningful information in a concise and clear manner using a thoughtful choice of assumptions from credible sources in his modeling. He concludes that it would be useful to build a quantitative framework for evaluating retirement systems proposals that could be utilized alongside a qualitative



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